

ELIZABETH A. PEARCE
STATE TREASURER

RETIREMENT DIVISION
TEL: (802) 828-2305
FAX: (802) 828-5182



UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

ACCOUNTING DIVISION
TEL: (802) 828-2301
FAX: (802) 828-2884

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

FOR IMMEDIATE RELEASE—October 8, 2015

Press Contact: Beth Pearce (802) 828-1452; Lisa Helme (802) 828-3706

\$115 Million in Bonds Successfully Sold by the State of Vermont

MONTPELIER, Vt.—State Treasurer Beth Pearce announced today that the State of Vermont successfully sold \$115.58 million in bonds in three different offerings. The sale included \$28.52 million in Green Bonds, the first time Vermont has sold such bonds targeted toward investors with socially responsible investment (SRI) objectives.

Green Bonds are used to fund projects that have positive environmental and/or climate benefits. Proceeds from these bonds are earmarked for green projects, but are backed by Vermont's full faith and credit.

"Utilizing Green Bonds is a win-win. They encourage the identification of sustainable infrastructure projects," explained Pearce. "Green Bonds undergo a vetting process to ensure the proceeds finance projects that benefit the environment. Use of the Green Bond designation expands the State's network of potential investors and results in an increased demand for our bonds. A higher demand for our bonds leads to reduced interest rates and lower borrowing costs for the State."

Proceeds from the sale of the Green Bonds will be used to fund drinking water and water pollution control projects for the Agency of Natural Resources; Best Management Practices financial assistance to Vermont farmers through the Vermont Agency of Agriculture; and water quality improvement through the Housing Conservation Board. The bonds also will fund the finishing touches to the LEED, or Leadership in Energy and Environmental Design, Gold Standard-level work at the Waterbury State office complex.

The Series A Vermont Citizen Bonds and Green Bonds were offered on Monday, with a first priority given to Vermont residents and businesses. The bonds were sold on a negotiated basis with Morgan Stanley as the senior manager and Bank of America Merrill Lynch, Citigroup and J.P. Morgan serving as co-managers.

The State also sold \$61 million of Series B bonds and \$25.7 million of Series C refunding bonds using two competitive internet-based sales. The State received bids from 11 different banks for each series, with the winning bid coming from Citigroup for both series. Proceeds from the Series B bond sale will provide funding for capital projects approved by the State Legislature. The Series C refunding bonds will be used to refinance existing bonds sold in 2009 and will save the State over \$2.4 million in interest costs over the next fourteen years.

"Vermont continues to be a good investment," Gov. Peter Shumlin said. "We have consistently maintained among the highest bond ratings in America, and currently have the highest in the Northeast."

The bonds settle, or close, on October 22. Yields ranged from 0.19 percent for bonds maturing in one year to 3.25 percent for bonds maturing in 20 years. The average maturity for the bonds was 9.8 years. A bond is said to mature on the date when the final debt and interest payment is paid in full. The State received an overall borrowing cost of 2.46 percent.

In 2007, the State Treasurer's Office sold \$5 million in "Citizen Environmental" bonds for projects related to Lake Champlain. By comparison, today's Green Bonds were designed to meet broadly-accepted institutional investment criteria targeting energy efficiency, water and wastewater, and climate change resiliency and mitigation projects.

Vermont bonds are rated Aaa by Moody's Investor Service and AAA by Fitch Ratings, their respective highest rating available to government issuers. Vermont bonds also are rated AA+ by Standard & Poor's Ratings Group. Vermont continues to maintain the highest ratings in the Northeast, and among the highest in the U.S.